

AN
INQUIRY
INTO THE
PRINCIPLES OF POLITICAL OECONOMY:
BEING AN
ESSAY ON THE SCIENCE
OF
Domestic Policy in Free Nations.

IN WHICH ARE PARTICULARLY CONSIDERED
POPULATION, AGRICULTURE, TRADE, INDUSTRY,
MONEY, COIN, INTEREST, CIRCULATION, BANKS,
EXCHANGE, PUBLIC CREDIT, AND TAXES.

By Sir JAMES STEUART, Bart.

Ore trahit quodcumque potest atque addit acervo. Hor. Lib. I. Sat. I.

IN TWO VOLUMES.

VOL. I.

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P R E F A C E.

IT is with the greatest diffidence that I present to the public this attempt towards reducing to principles, and forming into a regular science, the complicated interests of domestic policy. When I consider the time and labour employed in the composition, I am apt to value it from selfish considerations. When I compare it even with my own abilities, I still think favourably of it, for a better reason; because it contains a summary of the most valuable part of all my knowledge. But when I consider the greatness of my subject, how small does the result of my application appear!

The imperfections, therefore, discovered in this work, will, I hope, be ascribed to the disproportion between the extent of the undertaking, and that of my capacity. This has been exerted to the utmost: and if I have failed, it may, at least, with justice, be said, that I have miscarried in an attempt of the greatest importance to mankind.

I no where shew the least desire to make my court to any particular statesman whose administration might have been hinted at. I freely follow the thread of my reasoning without a bias, either in favour of popular opinions, or of any of the numberless systems which have been formed by those who have written upon particular parts of my subject. The warmth of my temper has led me often into commendations, when I was pleased; but when I felt the effects of ill humour on being dissatisfied with particular circumstances, relating to countries, to men, and to things, which I had
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in view at the time I was writing, I seldom thought it proper to be particular. I have, in general, considered the danger of error, either in blaming or commending the steps of any administration, without being well informed of the whole combination of circumstances which the statesman had before him at the time.

This composition being the successive labour of many years spent in travelling, the reader will find some passages in which the unities of time and place have not been observed. These I could have corrected with ease, had I not been advised to leave them as characters to point out the circumstances under which I wrote, and thereby to confirm the authenticity of certain facts.

The modes of thinking, also, peculiar to the several countries where I have lived, have, no doubt, had an influence on what I have writ concerning their customs: the work, therefore, will not, in general, correspond to the meridian of national opinions any where; and of this it is proper the reader should be apprised, that he may not apply to the domestic circumstances of his own country what was intended to refer to those of other nations; nor impute what was the irresistible effect of my experience and conviction, to wilful prejudice.

I have read many authors on the subject of political oeconomy; and I have endeavoured to draw from them all the instruction I could. I have travelled, for many years, through different countries, and have examined them, constantly, with an eye to my own subject. I have attempted to draw information from every one with whom I have been acquainted: this, however, I found to be very difficult before I had attained to some previous knowledge of my subject. Such difficulties confirmed to me the justness of Lord Bacon's remark, that he who knows how to draw information by forming proper questions, is already possessed of half the science*.

* *Prudens interrogatio, dimidium scientiæ.*

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I could form no consistent plan from the various opinions I met with: hence I was engaged to compile the observations I had casually made, in the course of my travels, reading, and experience. From these I formed the following work, after expunging the numberless inconsistencies and contradictions which I found had arisen from my separate inquiries into every particular branch.

I had observed so many persons declining in knowledge as they advanced in years, that I resolved early to throw upon paper whatever I had learned; and to this I used to have recourse, as others have to their memories. The unity of the object of all my speculations, rendered this practice more useful to me than it would be to one whose researches are more extended.

Whoever is much accustomed to write for his own use merely, must contract a more careless style than another who has made language his study, and who writes in hopes of acquiring a literary reputation. I never, till very lately, thought of appearing as an author; and in the frequent perusals of what I had writ, my corrections were chiefly in favour of perspicuity: add to this, that the language in which I now write was, for many years, foreign to those with whom I lived and conversed. When these circumstances are combined with the intricacy of my subject, which constantly carried off my attention from every ornament of language, I flatter myself that those of my readers, at least, who enter as heartily as I have done into the spirit of this work, will candidly overlook the want of that elegance which adorns the style of some celebrated authors in this Augustan age. I present this inquiry to the public as nothing more than an essay which may serve as a canvass for better hands than mine to work upon.

It contains such observations only as the general view of the domestic policy of the countries I have seen, has suggested. It is a speculation, and no more. It is a rough drawing of a mighty plan, proportioned

proportioned in correctness to my own sagacity; to my knowledge of the subject; and to the extent of my combinations.

It goes little farther than to collect and arrange some elements upon the most interesting branches of modern policy, such as *population, agriculture, trade, industry, money, coin, interest, circulation, banks, exchange, public credit, and taxes*. The principles deduced from all these topics, appear tolerably consistent; and the whole is a train of reasoning, through which I have adhered to the connection of subjects as faithfully as I could: but the nature of the work being a deduction of principles, not a collection of institutions, I seized the opportunities which my reasoning threw in my way, to connect every principle, as I went along, with every part of the inquiry to which it could refer; and when I found the connexion sufficiently shewn, I broke off such disquisitions as would have led me from the object then present.

When principles thus casually applied in one part to matters intended to be afterwards treated of in another, came to be taken up a-new, they involved me in what may appear prolixity. This I found most unavoidable, when I was led to thoughts which were new to myself, and consequently such as must cost me the greatest labour to set in a clear and distinct point of view. Had I been master of my subject on setting out, the arrangement of the whole would have been rendered more concise: but had this been the case, I should never have been able to go through the painful deduction which forms the whole chain of my reasoning, and upon which, to many readers, slow in forming combinations, the conviction it carries along with it in a great measure depends: to the few, again, of a more penetrating genius, to whom the slightest hint is sufficient to lay open every consequence before it be drawn, in allusion to Horace, I offer this apology, *Clarus esse laboro, prolixus sio*.

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The path I have taken was new to me, after all I had read on the subject. I examined what I had gathered from others by my own principles; and according as I found it tally with collateral circumstances, I concluded in its favour. When, on the other hand, I found a disagreement, I was apprized immediately of some mistake: and this I found constantly owing to the narrowness of the combinations upon which it had been founded.

The great danger of running into error upon particular points relating to this subject, proceeds from our viewing them in a light too confined, and to our not attending to the influence of concomitant circumstances, which render general rules of little use. Men of parts and knowledge seldom fail to reason consequentially on every subject; but when their inquiries are connected with the complicated interests of society, the vivacity of an author's genius is apt to prevent him from attending to the variety of circumstances which render every consequence, almost, which he can draw, uncertain. To this I ascribe the habit of running into what the French call *Systemes*. These are no more than a chain of contingent consequences, drawn from a few fundamental maxims, adopted, perhaps, rashly. Such systems are mere conceits; they mislead the understanding, and efface the path to truth. An induction is formed, from whence a conclusion, called a principle, is drawn; but this is no sooner done, than the author extends its influence far beyond the limits of the ideas present to his understanding, when he made his deduction.

The imperfection of language engages us frequently in disputes merely verbal; and instead of being on our guard against the many unavoidable ambiguities attending the most careful speech, we place a great part of our learning when at school, and of our wit when we appear on the stage of the world, in the prostitution of language. The learned delight in vague, and the witty in equivocal terms. In general, we familiarize ourselves so much

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with words, and think so little, when we speak and write, that the signs of our ideas take the place of the images which they were intended to represent.

Every true proposition, when understood, must be assented to *universally*. This is the case always, when simple ideas are affirmed or denied of each other. No body ever doubted that sound is the object of hearing, or colour that of sight, or that black is not white. But whenever a dispute arises concerning a proposition, wherein complex ideas are compared, we may often rest assured, that the parties do not understand each other. Luxury, says one, is incompatible with the prosperity of a state. Luxury is the fountain of a nation's welfare and happiness; says another. There may, in reality, be no difference in the sentiments of these two persons. The first may consider luxury as prejudicial to foreign trade, and as corrupting the morals of a people. The other may consider luxury as the means of providing employment for such as must live by their industry, and of promoting an equable circulation of wealth and subsistence, through all the classes of inhabitants. If each of them had attended to the combination of the other's complex idea of luxury, with all its consequences, they would have rendered their propositions less general.

The difference, therefore, of opinion between men is frequently more apparent than real. When we compare our own ideas, we constantly see their relations with perspicuity; but when we come to communicate those relations to other people, it is often impossible to put them into words sufficiently expressive of the precise combination we have made in our own minds.

This being the case, I have avoided, as much as possible, condemning such opinions as I have taken the liberty to review; because I have examined such only as have been advanced by men of genius and reputation: and since all matters of contro-

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verfy regard the comparison of our *ideas*, if the terms we use to express them were sufficiently understood by both parties, most political disputes would, I am persuaded, be soon at an end.

Here it may be objected, that we frequently adopt an opinion, without being able to give a sufficient reason for it, and yet we cannot gain upon ourselves to give it up, though we find it combated by the strongest arguments.

To this I answer, that in such cases we do not adhere to our own opinions, but to those of others, received upon trust. It is our regard for the authority, and not for the opinion, which makes us tenacious: for if the opinion were truly our own, we could not fail of seeing, or at least we should not long be at a loss in recollecting the ground upon which it is built. But when we assent implicitly to any political doctrine, there is no room for reason: we then satisfy ourselves with the persuasion that those whom we trust have sufficient reasons for what they advance. While our assent therefore is implicit, we are beyond conviction; not because we do not perceive the force of the arguments brought against our opinion, but because we are ignorant of the force of those which can be brought to support it: and as no body will sell what belongs to him, without being previously informed of its value, so no body will give up an implicit opinion, without knowing all that can be said for it. To this class of men I do not address myself in my inquiries.

But I insensibly run into a metaphysical speculation, to prove, that in political questions it is better for people to judge from experience and reason, than from authority; to explain their terms, than to dispute about words; and to extend their combinations, than to follow conceits, however decorated with the name of systems. How far I have avoided such defects, the reader will determine.

Every writer values himself upon his impartiality; because he is not sensible of his fetters. The wandering and independent life I have led may naturally have set me free, in some measure, from strong attachments to popular opinions. This may be called impartiality. But as no man can be deemed impartial, who leans to any side whatever, I have been particularly on my guard against the consequences of this sort of negative impartiality, as I have found it sometimes carrying me too far from that to which a national prejudice might have led me.

In discussing general points, the best method I found to maintain a just balance in that respect, was to avert my eye from the country in which I lived at the time; and to judge of absent things by the absent. Objects which are present, are apt to produce perceptions too strong to be impartially compared with those recalled only by memory.

When I have had occasion to dip into any question concerning the preference to be given to certain forms of government above others, and to touch upon points which have been the object of sharp disputes, I have given my opinion with freedom, when it seemed proper: and in stating the question, I have endeavoured to avoid all trite, and, as I may call them, technical terms of party, which are of no other use than to assist the disputants in their attempts to blacken each other, and to throw dust in the eyes of their readers.

I have sometimes entred so heartily into the spirit of the statesman, that I have been apt to forget my situation in the society in which I live; and when the private man reads over the politician, his natural partiality in favour of individuals, leads him to condemn, as Machiavellian principles, every sentiment approving the sacrifice of private concerns, in favour of a general plan.

In order, therefore, to reconcile me to myself in this particular, and to prevent certain expressions, here and there interperfed, from making

making the slightest impression upon a reader of delicate sentiments, I must observe, that nothing would have been so easy as to soften many passages, where the politician appears to have snatched the pen out of the hand of the private citizen: but as I write for such only who can follow a close reasoning, and attend to the general scope of the whole inquiry, I have, purposely, made no correction; but continued painting in the strongest colours, every inconvenience which must affect certain individuals living under our free modern governments, whenever a wise statesman sets about correcting old abuses, proceeding from idleness, sloth, or fraud in the lower classes, arbitrary jurisdictions in the higher, and neglects in administrations, with respect to the interests of both. The more any cure is painful and dangerous, the more ought men to be careful in avoiding the disease. This leads me to say a word concerning the connection between the theory of morals and that of politics.

I lay it down as a general maxim, that the characteristic of a good action consists in the conformity between the motive, and the duty of the agent. If there were but one man upon earth, his duty would contain no other precepts than those dictated by self-love. If he comes to be a father, a husband, a friend, his self-love falls immediately under limitations: he must withhold from himself, and give to his children; he must know how to sacrifice some of his fancies, in order to gratify, now and then, those of his wife, or of his friend. If he comes to be a judge, a magistrate, he must frequently forget that he is a friend, or a father: and if he rises to be a statesman, he must disregard many other attachments more comprehensive, such as family, place of birth, and even, in certain cases, his native country. His duty here becomes relative to the general good of that society of which he is the head: and as the death of a criminal cannot be imputed to the judge who condemns him, neither can a particular inconvenience resulting to an individual, in consequence of a step taken for a general reformation, be imputed to him who sits at the helm of government.

If it should be asked, of what utility a speculation such as this can be to a statesman, to whom it is in a manner addressed from the beginning to the end: I answer, that although it seems addressed to a statesman, the real object of the inquiry is to influence the spirit of those whom he governs; and the variety of matter contained in it, may even suggest useful hints to himself. But his own genius and experience will enable him to carry such notions far beyond the reach of my combinations.

I have already said that I considered my work as no more than a canvass prepared for more able hands than mine to work upon. Now although the sketch it contains be not sufficiently correct, I have still made some progress, I think, in preparing the way for others to improve upon my plan, by contriving proper questions to be resolved by men of experience in the practical part of government.

I leave it therefore to masters in the science to correct and extend my ideas: and those who have not made the principles of policy their particular study, may have an opportunity of comparing the exposition I have given of them with the commonly received opinions concerning many questions of great importance to society. They will, for instance, be able to judge how far population can be increased usefully, by multiplying marriages, and by dividing lands: how far the swelling of capitals, cities and towns, tends to depopulate a country: how far the progress of luxury brings distress upon the poor industrious man: how far restrictions laid upon the corn trade, tend to promote an ample supply of subsistence in all our markets: how far the increase of public debts tends to involve us in a general bankruptcy: how far the abolition of paper currency would have the effect of reducing the price of all commodities: how far a tax tends to enhance their value: and how far the diminution of duties is an essential requisite for securing

the liberty, and promoting the prosperity and happiness of a people.

Is it not of the greatest importance to examine, with candour, the operations by which all Europe has been engaged in a system of policy so generally declaimed against, and so contrary to that which we hear daily recommended as the best? And to shew, from the plain principles of common sense, that our present situation is the unavoidable consequence of the spirit and manners of the present times, and that it is quite compatible with all the liberty, affluence, and prosperity, which any human society ever enjoyed in any age, or under any form of government? A people taught to expect from a statesman the execution of plans, big with impossibility and contradiction, will remain discontented under the government of the best of Kings.

The reader is desired to correct the following errors, especially such as are distinguished by an asterisk *, which pervert the sense entirely.

E R R A T A.

Page.	Line.	
3.	32.	* advantages, r. disadvantages
73.	27.	were, r. from
85.	28.	* This is the, r. This is not the
89.	12.	* supposed to come, r. substituted
116.	12.	productions, r. spontaneous pro- ductions
145.	9.	* trial, r. Tirol
147.	32.	its, r. their
172.	1.	* earth, r. cart
208.	29.	third, r. fourth
210.	6.	lands, r. hands
214.	4.	moving, r. removing.
217.	2.	turns, r. terms
229.	8.	* usefulness, r. uselessness
236.	19.	* management, r. mismanagement
266.	21, 22.	they correspond, r. it corresponds

Page.	Line.	
290.	2.	easily bred, r. bred early
339.	21.	* preventing, r. promoting
382.	10.	* work, r. worth
391.	8.	* next, r. not
425.	27.	discovering, r. discoursing
430.	29.	<i>vis</i> , r. <i>cis</i>
Ditto	30.	<i>misura</i> , r. <i>misura</i>
501.	3.	* physical, r. political
Ditto	27.	competition, r. composition,
515.	17.	proportions, r. propositions
552.	12.	* bringing, r. coining
601.	9.	* diminution, r. denomination
626.	31.	* revolution, r. institution
637.	ult.	} formally, r. formerly
638.	prim.	

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AN INQUIRY INTO THE PRINCIPLES OF POLITICAL OECONOMY.

BOOK I. OF POPULATION AND AGRICULTURE.

INTRODUCTION.

OECONOMY in general is the art of providing for all the wants of a family, with prudence and frugality. If any thing necessary or useful is found wanting, if any thing provided is lost or misapplied, if any servant, any animal, is super-numerary or useless, if any one sick or infirm is neglected, we immediately perceive a want of oeconomy. The object of it, in a private family, is therefore to provide for the nourishment, the other wants, and the employment of every individual. In the first place, for the master, who is the head, and who directs the whole; next for the children, who interest him above all other things; and last for the servants, who being useful to the head, and essential to the well-being of the family, have therefore a title to become an object of the master's care and concern.

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